Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
800 Data Base Access Tariffs) CC Docket No. 93-129
and the 800 Service Management)
System Tariff)

DIRECT CASE OF GTE

GTE Service Corporation and
its affiliated domestic
telephone operating companies

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September 20, 1993   Their Attorneys

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SUMMARY

This Direct Case is submitted in accordance with the Order Designating Issues For Investigation ("Designation Order"), DA 93-930, released July 19, 1993 regarding GTE's tariffs proposing to establish rates, terms, and conditions for 800 Data Base Query Services. The cost and demand data submitted by GTE in its original filing on March 1, 1993, the Reply Comments on April 2, 1993, and in this Direct Case demonstrate the reasonableness of GTE's proposed 800 Data Base rates. Further, the terms and conditions proposed in GTE's tariffs are consistent with the requirements of the Commission's Docket 86-10 Orders. GTE's 800 Data Base tariffs and charges should be allowed to remain effective as originally filed.

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In the Matter of)	
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800 Data Base Access Tariffs)	CC Docket No. 93-129
and the 800 Service Management)	
System Tariff)	

DIRECT CASE OF GTE

GTE Service Corporation, on behalf of the GTE Telephone Operating

Companies ("GTOCs") and GTE System Telephone Companies ("GSTCs"), collectively

referred to as "GTE", hereby submit their Direct Case in the above-captioned tariff

investigation in accordance with the Order Designating Issues For Investigation

("Designation Order"), DA 93-930, released July 19, 1993.

INTRODUCTION

GTE filed tariff revisions on March 1, 1993 and March 5, 1993 proposing to

establish rates, terms, and conditions for 800 Data Base Query Services in accordance

with the Commission's Orders.[1] GTE submitted detailed workpapers showing

exogenous cost calculations, development of vertical rates and adjustments to price

cap indices, along with complete explanations of the pricing methodology and revisions

to tariff terms and conditions in the Description and Justification (D&J). On March 18,

and March 22, 1993, several petitioners filed opposition against the GTE filings. GTE

filed its reply to the petitioners' opposition on April 2, 1993. GTE's Reply contained

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[1] In the Matter of Provision of Access for 800 Service, Second Report and Order, 8
FCC Rcd 907 (1993) ("Rate Structure Order"); In the Matter of Provision of Access
for 800 Service, Memorandum Opinion and Order, DA 93-202, released February
22, 1993, ("MO&O"); and In the Matter of Provision of Access for 800 Service, 8
FCC Rcd 1423 (1993)("February 10 Order").

expanded cost allocation information and factors as well as additional cost data. As shown in the April 2, 1993 reply, GTE's transmittals dated March 1, and March 5, 1993, complied with the requirements of the Rate Structure Order and Section 61.49 of the Commission's Rules. Many of the issues designated for investigation in this proceeding were addressed in GTE's transmittals and in GTE's reply.

RESPONSE TO DESIGNATION ORDER ISSUES

The following are specific answers to the issues raised in the Designation Order as well as additional information and data required by Appendix A of the Designation Order.

A.   Terms and Conditions

Issue 1.   The degree of clarity with which the LEC 800 data base tariffs describe the services offered.

Basic 800 Data Base Query Area of Service Routing

GTE's 800 Data Base Query Service tariffs clearly state that the basic 800 query includes area of service routing at the LATA level.[2] GTE's definition for basic queries is consistent with the Rate Structure Order and conforms to the Commission's February 10 Order.

800 Data Base Query Charges

GTE's 800 Data Base Query Service tariffs clearly state that GTE will charge for each query received at GTE's 800 data base when the associated 800 call is not delivered to an IC. GTE's definition and application of 800 data base query charges

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2   GTOC Tariff FCC No. 1, 8th Revised Page 129.1 and GSTC Tariff FCC No. 1, Original Page 170.1.

comply with the Commission's definition as discussed in the Rate Structure Order. In that order, the Commission specifically held "that LECs may charge ICs for completed queries even if the LEC never actually delivers the call to the IC."[3] This application is reasonable since GTE must perform the same data base query functions and incur the same costs regardless of whether the query of the 800 number is valid or not. Accordingly, GTE intends to charge for each 800 call query, basic or premium, received at its 800 data base.

Vertical Features Are Not Marketed Directly to End Users

GTOC Tariff FCC No. 1 and GSTC Tariff FCC No. 1 are both interstate access service tariffs. Neither tariff contains specific provisions for the offering of 800 data base services to end user customers. Further, the only way any customer may receive vertical services (the routing of 800 calls on a premium query basis) is to subscribe to the underlying switched 800 SAC Access Service. While GTE's tariffs allow all customers to order switched access services, such 800 trunk side arrangements are ordered only by interexchange carriers offering 800 services.

Requirement to Subscribe to RESPORG Service.

GTE did not file a RESPORG tariff in either GTOC Tariff FCC No. 1 or GSTC Tariff FCC No. 1. Thus, no requirement can exist to subscribe to RESPORG services as a condition to receive vertical services. The only GTE tariff requirement for an IC to receive vertical services is the requirement to subscribe to 800 SAC Access service.

GTE has clearly demonstrated in its reply in this proceeding and in its April 2, 1993 reply to the opposition filed against its 800 Data Base Query Service tariffs that

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[3]   Rate Structure Order, 8 FCC Rcd at 909.

the terms and conditions of said tariffs are fully consistent with the Communications Act and with the Commission's Orders in CC Docket No. 86-10.

B.   800 Database Query Tariffs - Price Cap Carriers

Issue 2:   Reasonableness of the methods used to restructure the traffic sensitive basket while adjusting for exogenous costs.

The Designation Order requests comment on the method by which carriers should restructure the traffic sensitive price cap basket to include the effects of 800 Data Base exogenous costs. The existing Commission Rules for price cap carriers do not specifically define the proper sequence in adjusting the indices when both the exogenous cost rules and restructure rules are triggered simultaneously for a new service category within a price cap service basket. Accordingly, the Designation Order proposes three options, one that performs the restructure exercise first, one that requires the exogenous change adjustment first, and an alternative method. While GTE believes each of the proposed methods has merit, Method 3, the Alternative Method, is closest to the manner in which GTE filed 800 Data Base rates in its original filings.

GTE applied exogenous costs associated with 800 Data Base service pursuant to a grant of special permission to waive Section 61.74(e) from the Common Carrier Bureau which permitted 100% of the exogenous costs to be applied to the Basic 800 Data Base Query rate element. Strict adherence to Section 61.74(e) would require exogenous costs to be allocated among all switched access rate elements.

An exogenous cost per unit of $0.007379 was developed reflecting those exogenous costs incurred by GTE that would not otherwise be reflected in GTE's rates absent the requirement to implement 800 Data Base. The attached cost data required by Appendix A supports the original exogenous cost level filed by GTE. The PCI was adjusted by the $0.007379 amount only, which excludes overhead costs. A rate of

$0.01 was established for Basic 800 Data Base Query, reflecting the real economic costs incurred by GTE to provide the service. The difference in the $0.01 and the exogenous amount, or $0.002621, was subtracted from the end office switching category in a revenue neutral manner, resulting in a corresponding reduction to the end office switching rates. The revised end office switching rates remained within the upper and lower SBI pricing range.

As permitted by the waiver, GTE then applied the full exogenous amount per query to the newly created Data Base sub-band, so that only the Basic 800 Data Base Query rate recovered all associated costs (exogenous costs of $0.07379 plus the $.002621 end office amount). All indices were adjusted accordingly.[4] This methodology ensures that costs associated with the basic query function are recovered from basic query users alone and not the ratepayers of other services via general minute of use switched access rates.

As the Commission recognized in the Designation Order, the existing rules are not clear as to how restructured services must be reflected in conjunction with an exogenous cost adjustment. GTE performed this adjustment for 800 Data Base based on a method it believed to be reasonable at the time of the filing. Since the effective date of the 800 Data Base tariffs, price cap indices have been re-adjusted numerous times. The Commission should not require LECs to make additional corrective adjustments to price cap indices or rates related solely to a final decision made in this proceeding relative to the proper price cap adjustment sequence.

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[4]   Pursuant to the Common Carrier Bureau's Order in Docket 93-129, DA 93-491, released April 28, 1993, a portion of GTE's 800 Data Base rates was suspended for a period of five months. Concurrent with this suspension, GTE increased its end office switching rates to their original levels since the suspension resulted in interim rates lower than GTE's claimed exogenous costs.

GTE recommends that the following mechanics be applied for future filings when a new service category is added as part of a restructure, while making an exogenous adjustment to the overall basket PCI. This procedure is essentially Method 3 - Alternative Method as outlined in the Designation Order, with a few modifications:

- The PCI is adjusted to reflect the change in exogenous costs.

- No adjustment is made to the existing rates, the existing SBIs, or the SBI upper and lower limits.

- The new service category rate is initialized to recover not only the full 800 data base exogenous amount but also a just and reasonable portion of overhead costs.

- The proposed API equals the existing API based on calculation set forth in Section 61.46.

- The SBI for the new service is initialized at 100 with the SBI upper and lower limits set at plus or minus 5%.

Increasing the PCI based on the 800 data base exogenous costs is appropriate; however, not increasing the SBI upper and lower limits for all existing service categories, as a result of the change in the PCI, would require a waiver or modification of existing price cap rules. The initialization of the 800 data base SBI at 100, with the SBI upper and lower limits set at plus or minus 5 percent is within the rules. Since no rate changes are made within the other traffic sensitive service categories, the proposed SBI would remain the same as the existing SBI for those elements.

This method would permit the 800 Data Base category to recover the full 800 data base exogenous amount (unit costs and overheads) while limiting the PCI change to its direct exogenous costs only. This approach is entirely consistent with Commission Rule 61.49 (g) (2) which allows new services to recover a just and reasonable portion of the carrier's overhead costs. Overhead costs should be excluded out of the calculation of the exogenous costs for determination of the PCI but allowed in the determination of the actual 800 data base rate. Requiring that the resulting API is

equal to or less than the PCI would ensure that the LECs do not over-recover costs for the service basket as a whole.

Issue 3:   The reasonableness of the price cap LEC's 800 data base rates.

　　　　　Subissue: The reasonableness of exogenous costs.

The Designation Order questions the LECs' claims for exogenous treatment for such costs as SSP hardware and/or software, tandem upgrades, repair centers for 800 service and STPs, transmission links, SMS/800 expenses paid, and allocation of shared costs.

In the Rate Structure Order[5] the Commission anticipated costs associated with Service Control Points (SCPs), Service Management System (SMS), and links between SCPs and the SMS would be accorded exogenous treatment and could be reflected in adjustments to the LECs' switched access PCIs. The Commission also recognized that other expenses associated with 800 Data Base could be classified as exogenous, if the LEC could demonstrate that the costs were incurred specifically for implementing basic 800 services.

Exhibit 3 contained in GTE's original D&J listed all exogenous costs required to implement the 800 Data Base query service in GTE serving areas. The list included costs for SCPs, the SMS, links between the SCPs and the SMS, and tandem and end-office SSP Right to Use (RTUs) fees that have been incurred exclusively for the purpose of 800 Data Base query service.

GTE and other independent telephone companies, at additional cost, must deploy Bellcore developed software at their end offices and access tandems in order to fully implement 800 Data Base access. GTE categorized as exogenous additional

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[5]   8 FCC Rcd at 911.

tandem/end office SSP RTU fees of the original D&J in the calculation of the total exogenous cost per query amount (see Attachment 1, Section I, "SSP Unit Investment"). The costs GTE included were incurred only for the provision of 800 Data Base service, i.e., there are no other SS7 applications. End Office RTU fees are incurred by GTE as a result of customer requests to connect directly to end offices, rather than incurring expense to re-route their network to connect to only tandem offices for the purpose of originating 800 traffic. This investment was not employed to accelerate the development of the network, but rather to allow the queries to be launched from the sites where the carriers connect to GTE's network. Absent the requirement to deploy 800 Data Base as directed by the Commission's Docket 86-10 proceeding, GTE would not have incurred these costs.

GTE's exogenous transmission link costs include only those transmission costs required to perform periodic downloads of the SMS data base to the GTE 800 data bases located at the four SCPs. The transmission link insures that GTE's 800 data bases maintain current routing instructions for 800 numbers as entered by 800 subscribers into the Number Administration Service Center's (NASC) Service Management System (SMS). SMS to SCP links costs were recognized by the Rate Structure Order as legitimate exogenous costs.[6]

GTE included as exogenous the portion of Bellcore billing (NASC SMS) costs allocated to interLATA 800 services. GTE did not include any Bellcore SMS billing costs allocated to intraLATA services. SMS expenses include the hardware required to access and query the SMS data base and the monthly allocated Bellcore charges for record search and reservation, the dial-up 9.6 dedicated SP, the network, downloading, the data base, logon and reporting.

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[6]   8 FCC Rcd at 911.

800 Data Base exogenous costs were developed by GTE using various cost allocations. The amount of specific costs allocated to the 800 Data Base element are as follows:

800 NASC SMS Related Charges:

- 100% of the record, searches, and reservations monthly charges were allocated to GTE intraLATA service. This charge is a flat rated charge associated with assigning a GTE intraLATA 800 number.

- 50% of the dial-up, 9.6 dedicated SP, and 9.6 dedicated SCP monthly charges were allocated equally to interLATA 800 and GTE intraLATA 800 services. These costs equally support both interLATA and intraLATA services.

- 10% of the network charge plus 100% of the SP record download monthly charge was allocated to GTE intraLATA 800 service.

- 10% of the SCP database monthly charge was allocated to GTE intraLATA 800 service.

- 10% of all logon monthly charges were allocated to GTE intraLATA 800 service.

    The allocation factor of 10% was used for the network charge, SCP database and logon charges based on the projection that 90% of these activities are related to interLATA 800 services.

SSP Related Expense:

- 99.18% of total Tandem/End Office RTU fees with .82% allocated to intraLATA 800. These factors were based on relative interLATA and intraLATA 800 usage.

Link Expense:

- 99.18% of total SMS to SCP Link Expense cost with .82% allocated to intraLATA 800. These factors were based on relative interLATA and intraLATA 800 usage.

SCP Expense

- Allocations of SCP expenses are explained in the response to Question 10 of Appendix A in of this Direct Case.

The Designation Order (at para. 29) requires LECs that use computer models to derive rates for 800 Data Base services to disclose those models on the public record or provide other justification for its rates. GTE did not use Bellcore cost models, as referenced in the Designation Order for 800 Data Base query charge development. Submission of cost model documentation, in any case, is not warranted. GTE has provided adequate cost support documentation with its filings, as well as additional information contained in this Direct Case to determine the reasonableness of the proposed rates. The methodology and factors used to allocate costs to the 800 Data Base element are fully explained in the response to the Designation Order's Appendix A requirements in this Direct Case. Documentation of GTE's internal model, over and above what has been presented in GTE's 800 Data Base filings to date, would not provide any additional information necessary to judge the reasonableness of GTE's rates.

Although GTE believes the submission of its model is unnecessary, it has filed with the Commission a Petition for Waiver of the requirements of paragraph 29. GTE's cost models are used to develop other SS7-related services costs, as well as to determine 800 Data Base costs. Embodied within these costing models is intellectual property and technical information. This information is highly sensitive and proprietary not only to GTE but also to its various equipment vendors and licensors. GTE is subject to strict nondisclosure agreements and other protective measures with respect to several of its costing models and should not be required by the Commission to submit such proprietary information. GTE is willing to respond to any Commission staff data request concerning underlying assumptions used in the model calculations.

Subissue: Reasonableness of ratemaking methodologies.

The Designation Order requires LECs to submit data in support of their demand forecasts used in the calculation of the proposed rates. In order to determine the

exogenous cost per query, GTE divided the total cost amount by the forecast of 800 Data Base queries. GTE is submitting the demand data required in Appendix A of the Designation Order in Attachment 1 to this Direct Case. GTE used the number of 800 call attempts screened at its 800 call handling offices in 1991 as the base for developing a five-year 800 database query forecast. That five-year forecast of total basic and vertical service queries is based on historical 800 call growth rates and commonly accepted forecasting models. The growth rate over that period averaged ten percent. Based on the historical number of basic and vertical service query records downloaded from the SMS database to GTE's 800 databases and based on the quantity and types of customers to whom GTE expects to route 800 calls, the total number of basic and vertical service queries for each forecast period were determined to be 72% Basic and 28% Vertical (3% POTS and 25% other vertical services). This forecast was derived from GTE forecast information and industry data from Bellcore. The exact engineering architecture was designed to meet this demand.

Subissue: Reasonableness of vertical features rates.

In compliance with Section 69.49 of the Commission's Rules, GTE submitted a detailed cost study displaying the calculation of the GTE Premium (vertical) Query charge. Although the Designation Order (at para. 32) indicates that several petitioners challenged various aspects of the LEC's vertical services rate development, no party raised any direct objection to GTE's Premium service rate calculations. The calculation of the Premium charge was detailed in Exhibits 6 and 7 of the D&J submitted with the filing. In addition, GTE submitted additional cost information for the Premium Charge in an Attachment to the Reply Comments filed on April 2, 1993.

The cost difference between the basic and premium rate elements is a function of the size of the memory required to store a record, either basic or complex, and the amount of processing time required to process a query transaction, either basic or

vertical service. All other query processing functions are identical between the type types of transactions. Bellcore provided estimates to GTE that indicated that vertical services records were 2.52 times the byte size of the basic record and that processing time was 15% longer for the vertical services transaction. Based upon these parameters, GTE calculated capacity costs for memory and database processors. Additional memory and processor costs were calculated for the vertical services transactions.

RESPONSE TO APPENDIX A REQUIREMENTS

Pursuant to the requirements of Appendix A of the Designation Order, GTE is providing the following information and attached data. Data included in the attachment is also provided on computer disk.

I.   Unit Cost and Investment Information

Exogenous Cost Information is provided for the Basic Query element for each of the specified Part 32 accounts in the attached spreadsheet. GTE did not include overhead expense loadings in the calculation of the $0.007379 per query exogenous cost amount that was used to adjust the PCI. Therefore, only unit cost data is provided. GTE has provided cost information in Attachment I on a per unit basis. GTE calculated its exogenous cost amounts by dividing the total exogenous cost (which includes only interLATA related costs) appearing on Exhibit 3 of the D&J by the total forecasted number of interLATA units.

II.   Jurisdictional Information

Allocation of 800 Data Base costs are displayed in Section II of Attachment 1. These allocations were based on the estimate of interstate and intrastate relative traffic. Interstate and intrastate IC 800 query volume was based on actual 800 traffic reported in January and February, 1993. Costs shown in Section II are representative of a five year period.

III.   Demand

Interstate and Intrastate query demand is shown in Section III. Estimated

Demand represents total interLATA queries for a five year period. Interstate and State

800 query projections are also shown for a five year period. Base Period Demand is

the annual historical interstate demand units used in the restructure calculations.

IV.   Other

Following are responses to specific questions contained in Appendix A of the

Designation Order.

1.   "If a discount rate is used in your calculations, explain the rationale for using this

calculation."

GTE used a discount factor in making present value calculations. The factor

used was 11.25%, the authorized rate of return, since it accurately represents GTE's

opportunity cost for use of capital.

2.   "If you based your demand growth assumptions completely on past

performance, explain why the introduction of 800 Data Base service will have no effect

on the growth rate for 800 query demand for your company."

Number portability and 800 feature routing are new service benefits of the 800

subscriber and not the 800 calling end user. These subscriber benefits are expected to

only stimulate 800 competition among the interexchange carriers. As such, the 800

features are not expected to stimulate additional end user usage since new end user

services or benefits are not expected.

The 800 services market has been extremely competitive with respect to price,

even prior to the introduction of 800 number portability. GTE expects subscriber prices

charged by the interexchange carriers to decline only minimally as a result of

competitive positioning among the carriers due to these new subscriber benefits. GTE

does not expect that such price reductions will stimulate an appreciable level of demand over and above historical 800 industry trends.

3.   "Explain the demand assumptions used in your ratemaking methodology."

Demand forecasts used in GTE's original 800 Data Base filings appear in the original D&J and in Attachment 1 of this Direct Case. GTE relied on historical 800 call attempts as the basis for its demand forecast. GTE constructed a five-year forecast for the overall quantity of basic and vertical service queries based on historical 800 call growth rates. Forecasting assumptions for 800 Data Base queries are further explained in Section B, Subissue 3 in this Direct Case.

4.   "Provide the annual costs for all expenses related to the SMS/800 incurred pursuant to contracts with Bellcore, Data Services Management, Inc., or any other entity. Provide the terms of the contracts an explanation of how the annualized amount is calculated."

GTE's annual cost for SMS/800 expenses is $1,360,770.28. This cost amount was based on a pro forma estimate reflecting GTE network requirements for the month of May, 1993 provided to GTE by Bellcore. GTE annualized this amount to arrive at an annual figure stated above.

The SMS contract with Bellcore provides for GTE's access to SMS, the downloading of data from the SMS to GTE's SCP, update of the SCP for routing purposes, and dial up capabilities for the validation of records. GTE makes monthly payments to Bellcore, including any applicable sales and use taxes upon receipt of bills rendered by Bellcore.

5.   "Provide the cost detail, by account, associated with upgrading the SSPs for 800 Data Base service and justify why those upgrades should be treated as exogenous costs."

Unit Investment associated with SSPs are shown by account in Section I of Attachment I. As previously stated in Section B, Subissue 1, GTE categorized as exogenous certain tandem/end office SSP RTU fees in the calculation of the total exogenous cost per query amount. The costs GTE included were incurred only for the provision of 800 Data Base service and are borne by GTE only as a direct result of the Commission's requirement to implement 800 Data Base services.

6.   "If overhead costs were included as exogenous costs in your initial filing, justify why these costs should be treated as exogenous costs."

GTE did not include overhead costs in the calculation of the exogenous cost amount it used to adjust its traffic sensitive PCI. Only direct exogenous costs were used,

7.   "If signalling link costs between local STPs and regional STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs."

No costs were reflected for the signalling links between local and regional STPs.

8.   "If costs for regional or local STPs are included as exogenous costs , justify why those costs should be treated as exogenous costs."

GTE did not include any costs for regional or local STPs in its 800 Data Base rate development.

9.   "For each of your company's SCPs, list and describe each service that is
supported by that SCP. Provide a diagram of the equipment in an SCP installation
typical for your company."

GTE's Bloomington, IL and Fort Wayne, IN SCPs support both 800 service and
Line Information Data Base (LIDB) services. The Santa Monica, CA and Long Beach,
CA SCPs support only 800 services. A diagram of a typical SCP configuration is
provided in Attachment 2.

10.   "If costs for the SCP are allocated among the functions described above, explain
your allocation procedures and provide your allocation factors and how these factors
were derived."

Special SCP billing memory and disk drive cost for SMS was allocated on a
relative query basis. For GTE, IntraLATA 800 queries represent .82% of total 800
queries. Therefore, .82% of SCP billing and memory cost was allocated to GTE
intraLATA 800 service. The following are the SCP allocations to 800 Data Base by type
of investment:

-    SCP Capitalized Cost - 60.55% of total cost with the remainder allocated to LIDB
     and intraLATA 800.

-    SCP 800 Data Base Software/RTU Fees - 99.18% of total cost with .82% allocated
     to intraLATA 800 (representing relative interLATA and intraLATA usage).

-    SCP Common Expensed Software/RTU Fees - 60.55% of total cost with the
     remainder allocated to LIDB and intraLATA 800.

CONCLUSION
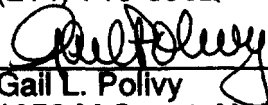
The cost and demand data submitted by GTE in its original filing on March 1,
1993, the Reply Comments on April 2, 1993, and in this Direct Case demonstrate the
reasonableness of GTE's proposed 800 Data Base rates. Further, the terms and
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be allowed to remain effective as originally filed.

Respectfully submitted,

GTE Service Corporation and
its affiliated domestic
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ATTACHMENT 1

	A Land Acct 2111	B Buildings Acct 2121	C General Purpose Computers Acct 2124	D Analog Switching Acct 2211	E Digital Switching Acct 2212	F Radio System Acct 2231	G Circuit Equipment Acct 2232	H Other Terminal Equipment Acct 2362	I Poles Acct 2411	J Aerial Cable Acct 2421	K Underground Cable Acct 2422	L Buried Cable Acct 2423	M Intrabldg Network Cable Acct 2426	N Aerial Wire Acct 2431	O Conduit Systems Acct 2441	P Total
1 Unit Cost and Investment																

STP/SCP Signalling Link

Unit Investment																$0.000000
Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

Local STP/Regional STP Signalling Link

Unit Investment																$0.000000
Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

SCP/SMS Signalling Link

Unit Investment												$0.004047 * SEE NOTE #1				$0.004047
Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

SCP

Unit Investment					$0.004123 * SEE NOTE #2											$0.004123
Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

Tandem Switch

Unit Investment																$0.000000
Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

SSP

| Unit Investment | | | | | $0.002209 * SEE NOTE #3 | | | | | | | | | | | $0.002209 |

Unit Costs																
Depreciation																$0.000000
Net Return																$0.000000
Federal Income Tax																$0.000000
State & Local Income Tax																$0.000000
Maintenance																$0.000000
Administration																$0.000000
Other Tax																$0.000000
Other Direct Expense																$0.000000
Overhead Loadings																$0.000000
Total																$0.000000

II. Jurisdictional Separations   Total $0.007379

STP/SCP Signaling Link

Total Investment																$0.00
Total Company																$0.00
Subject to Separation																$0.00
State 800 Database																$0.00
State Other																$0.00
Interstate 800 Database																$0.00
Interstate Other																$0.00

| Method of Assignment | | | | | | | | | | | | | | | | $0.00 |

Local STP/Regional STP Signalling Link

Total Investment																$0.00
Total Company																$0.00
Subject to Separation																$0.00
State 800 Database																$0.00
State Other																$0.00
Interstate 800 Database																$0.00
Interstate Other																$0.00

| Method of Assignment | | | | | | | | | | | | | | | | $0.00 |

SCP/SMS Signalling Link

Total Investment											$6,121,918.00 * SEE NOTE #4					$6,121,918.00
Total Company											$6,121,918.00					$6,121,918.00
Subject to Separation											$6,121,918.00					$6,121,918.00
State 800 Database											$2,035,537.74 * SEE NOTE #5					$2,035,537.74
State Other											$0.00					$0.00
Interstate 800 Database											$4,086,380.27 * SEE NOTE #5					$4,086,380.27
Interstate Other											$0.00					$0.00

| Method of Assignment | | | | | | | | | | | | * SEE NOTE #5 | | | | |

SCP

Total Investment					$24,263,644.00 * SEE NOTE #6											$24,263,644.00
Total Company					$24,263,644.00											$24,263,644.00
Subject to Separation					$24,263,644.00											$24,263,644.00
State 800 Database					$8,067,661.63 * SEE NOTE #5											$8,067,661.63
State Other					$0.00											$0.00
Interstate 800 Database					$16,195,982.37 * SEE NOTE #5											$16,195,982.37
Interstate Other					$0.00											$0.00

| Method of Assignment | | | | | * SEE NOTE #5 | | | | | | | | | | | |

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total
Tandem Switch																
Total Investment																$0.00
Total Company																$0.00
Subject to Separation																$0.00
State 800 Database																$0.00
State Other																$0.00
Interstate 800 Database																$0.00
Interstate Other																$0.00
Method of Assignment																
SSP																
Total Investment					$12,909,600.00	SEE NOTE #7										$12,909,600.00
Total Company					$12,909,600.00											$12,909,600.00
Subject to Separation					$12,909,600.00											$12,909,600.00
State 800 Database					$4,292,442.00	SEE NOTE #5										$4,292,442.00
State Other					$0.00											$0.00
Interstate 800 Database					$8,617,158.00	SEE NOTE #5										$8,617,158.00
Interstate Other					$0.00											$0.00
Method of Assignment						SEE NOTE #5										

III. Demand

	A
	Total

800 Database Queries

State 800 Database	1,943,426,995	SEE NOTES #5, #9
State Other	0	
Interstate 800 Database	3,901,470,237	SEE NOTES #5, #9
Interstate Other	0	
Base Period Demand	794,331,995	SEE NOTE #8
Estimated Demand	5,844,899,232	SEE NOTE #9
Time Period	1992–1996	No IXC demand in 1992
Discount Rate	0.1125	

FOOTNOTES:

#1. The costs and query volume were taken from GTOC Transmittal No. 775, Original Exhibit #3, 3/1/93. The SMS costs included Line 2 (SMS Billing Hardware), Line 3 (SMS Billing Expense from Bellcore), and Line 5 (SMS/SCP Link Expense). The query volume was taken from Line 9. SMS hardware was assigned to General Purpose Computers—Account 2124.00, SMS Billed Expense was assigned to General Purpose Computer Expense—Account 2124.00, and SMS/SCP Link Expense was assigned to Common General Administrative Services—Account 6728.10.

#2. The costs and query volume were taken from GTOC Transmittal No. 775, Original Exhibit #3, 3/1/93. The SCP costs included Line 4 (SCP 800 Database Software/RTU Fees), Line 6 (SCP Hardware), and Line 7 (SCP Common Software). The query volume was taken from Line 9. SCP hardware was assigned to Digital Electronic Switching—Account 2212.10, SCP Common and Database 800 Software/RTU Fees were assigned to Account M212.01.

#3. The cost and query volume were taken from GTOC Transmittal No. 775, Original Exhibit #3, 3/1/93. The SSP cost was Line 1 (Tandem/End Office SSP RTU Fees), of which 42.95% was located at the tandem switches and 57.05% at the end offices. The query volume was taken from Line 9. SSP RTU Fees were assigned to Account M212.01.

#4. The costs were taken from Reply of GTE in GTOC Transmittal No. 775, Attachment 1, Expanded Basic/Vertical Detail, Column (B). The SMS costs included Line 2 (SMS Billing Hardware), Line 6 (SMS Billing Expense from Bellcore), and Line 8 (SMS/SCP Link Expense).

#5. The estimated interstate factor was 66.75% and the intrastate factor was 33.25%.

#6. The costs were taken from Reply of GTE in GTOC Transmittal No. 775, Attachment 1, Expanded Basic/Vertical Detail, Column (B). The SCP costs included Line 1 (SCP Capitalized Cost), Line 7 (SCP 800 Database Software), and Line 9 (SCP Common Software/RTU Fees).

#7. This cost was taken from Reply of GTE in GTOC Transmittal No. 775, Attachment 1, Expanded Basic/Vertical Detail, Column (B). The SSP cost was Line 5 (Tandem/End Office SSP RTU Fees).

#8. The total interLATA query actual volume was for 1991.

#9. The total interLATA basic query forecast for 5 years was 72% of 8,117,915,600 queries.

ATTACHMENT 2